TAB A

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
Application by Verizon New Jersey, Inc.,	)	
BellAtlantic Communications, Inc. (d/b/a	)	WC Docket No. 02-67
Verizon Long Distance), NYNEX Long	)	
Distance Company (d/b/a Verizon Enterprise	)	
Solutions), Verizon Global Networks Inc.,	)	
and Verizon Select Services Inc., for	)	
Authorization to Provide In-Region,	)	
InterLATA Services in New Jersey	)	
	)	

DECLARATION OF MICHAEL R. BARANOWSKI
ON BEHALF OF AT&T CORP.

Based on my personal knowledge and on information learned in the course of my duties, I, Michael R. Baranowski, declare as follows:

1. My name is Michael R. Baranowski. I am a Managing Director of the Financial Consulting Division of FTI Consulting, Inc. My business address is 1201 Eye Street, NW, Suite 400, Washington, DC, 20005. In that position, I conduct economic and cost analysis for a variety of clients. Since 1996, I have been directly and continuously involved in interconnection agreement arbitrations and other network element rate proceedings before state public utility commissions. In that regard, I am intimately familiar with the cost models submitted by Verizon – New Jersey and other incumbent local exchange carriers. I am submitting this declaration at the request of AT&T Corp. ("AT&T").

2. The purpose of my testimony is to demonstrate that Verizon's New Jersey usage and "DUF" rates are inflated by clear TELRIC violations. In Part I, I show that Verizon's New Jersey switching usage costs are inflated because Verizon improperly allocates fixed vertical features costs to switch usage rates. In Part II, I show that Verizon's New Jersey daily usage file ("DUF") rates are inflated by clear TELRIC errors.

I. VERIZON'S SWITCHING USAGE RATES ARE INFLATED BY CLEAR TELRIC ERRORS.

3. Verizon improperly adds fixed, non-usage sensitive, vertical features costs to switching usage rates. Because these feature costs do not vary linearly with switching usage, Verizon's switching usage rates are substantially overstated. Indeed, Verizon's New Jersey switching usage rates of $.0002773 per originating minute of use and $.002508 per terminating minute are almost double the corresponding switching usage rates that Verizon charges in New York and Pennsylvania.[1]

4. Switches are basically large computers, and the computing technologies associated with memory and processing power have allowed switch manufacturers to provision the current digital switches with memory and processing power that far exceed expected demands.[2] With the computing power available in modern switches, the primary limiting factor in today's digital switches is not processing capacity but rather the exhaustion of the number of

[1] Verizon-New York filed switching usage rates of $.001147 per MOU for originating usage and $.001111 per MOU for terminating usage. Verizon's Pennsylvania switching usage rates are 0.001802 for originating usage and 0.001615 for terminating usage.

[2] Memory, processor, administrative and maintenance equipment are examples of the types of equipment that is typically called "getting started" as it is required irrespective of usage on the switch.

ports. Given this large processing capacity, each additional call processed by the switch does not cause an increase in getting started costs.

5. Indeed, much of the total costs of a switch is associated with memory and processors – which include most vertical feature capabilities. These costs are incurred at the time the switch is placed in operation. These "getting started" costs do not vary with usage and accordingly should not be assigned to usage sensitive switching rate element. Rather, those costs should be reflected in the non-usage sensitive port element. If a switch does reach maximum port capacity, then a wire center must incur the cost of a second switch. The exhaustion of the first switch's ports is the primary cause for incurring the "getting started" costs for the second switch, and these costs should also be assigned to the port.

6. In its *Local Competition Order* (¶ 743), the Commission recognized "that incumbent LECs' rates for interconnection and unbundled elements must recover costs in the manner that reflects the way they were incurred." Thus, the Commission concluded that, to avoid uneconomic incentives, usage sensitive rates should be recovered in usage rates and non-usage sensitive rates should be recovered on a flat-rated basis. *See id.* ¶¶ 744-746. Verizon's switching cost model violates this fundamental principle by recovering the costs of vertical features in its usage-sensitive switching rates rather than in its flat-rated port rates.

7. The feature costs developed by Verizon using SCIS/IN are driven primarily by the activation assumptions within the busy hour dictated by Verizon's cost model assumptions. Verizon assumes that each line within the busy hour will use a pro-rata share of one of eleven originating features and fourteen terminating features. Verizon has provided no evidence to support this assumption, and over-estimating these busy hour feature activations can

substantially overstate feature costs. In addition, Verizon makes critical assumptions when converting features costs per call or per message to a cost per minute of use. But because these inputs are interrelated and, in this case, available only to Verizon, it is difficult to determine whether Verizon properly computed that conversion. However, a simple test based on Verizon's New Jersey UNE rates and its cost models could demonstrate that Verizon's switch-usage rates do, indeed, over-recover switch usage costs. Unfortunately, I understand that Verizon has not submitted its proprietary switching cost model (the "SCIS" model) in this proceeding. Because the SCIS model is necessary to measure the impact of Verizon's misallocation of feature costs to switch usage rates, I am unable to fully demonstrate the extent to which Verizon's switch usage rates are inflated.

8. In any event, Verizon's overstated switching usage rates will deter efficient new entrants from serving high usage customers. Moreover, as an economic matter, there is another serious problem with recovering fixed costs associated with vertical features in the switching usage element. The amount of usage has increased substantially over the past several years, and given the continued growth of the internet and other telecommunications applications, that usage is likely to continue to grow substantially in the future. For example, according to ARMIS data, Verizon New Jersey's usage has increased an average of 4% annually since 1996. Verizon's failure to provide its switch cost models in this proceeding precludes a comparison to the forward-looking usage assumption utilized by Verizon. It is virtually certain that by improperly allocating switching costs to switching usage, Verizon's over-recovery of the fixed costs of vertical features that are recovered through switching usage rates will increase as usage continues to grow.

II. VERIZON'S DUF RATES ARE INFLATED BY FUNDAMENTAL TELRIC ERRORS.

9. Verizon's New Jersey daily usage file ("DUF") charges also exceed those that any reasonable application of TELRIC principles would have produced. The DUF charge is a fee that Verizon charges CLECs for information regarding CLECs' usage. CLECs use that information to verify the accuracy of Verizon's bills and as a basis for billing their own customers.

10. According to Verizon's New Jersey DUF cost study, Verizon processes DUF records for New Jersey, Maryland and Pennsylvania in its southern region using the same centralized facility. The per unit DUF charge for this group, therefore, should reflect the total cost of processing all DUF records in the centralized facility spread over all DUF records that were processed. Thus, there should no material in-region variation in the per unit DUF rates charged by an ILEC. Verizon itself has confirmed that its southern region DUF rates are computed "using regionwide data." VZ March 18 Letter at 5, CC Docket No. 02-37. Yet, Verizon's New Jersey DUF rates result in monthly per line DUF charges that are 5 times higher than those in Pennsylvania, another state in Verizon's southern region that has obtained Section 271 approval.

11. One reason why Verizon's New Jersey DUF rates are so overstated is that the calculations for Verizon's "DUF Network Data Mover Cost Per Message" contain an error in the calculation of the DASD (DISK) Maintenance component that overstates the cost of that DUF rate component by nearly 100 times. Specifically, in converting the maintenance cost from a cost per gigabyte to a cost per record, Verizon erroneously calculated the number of records for which cost would be incurred as *** *** million instead of *** *** million. This error

generated calculated maintenance costs of millions of dollars instead of thousands of dollars. This error generated maintenance costs of *** *** million instead of *** ***. Correcting this error reduces Verizon's Network Data Mover Costs per Record from $0.000295 to *** ***, or *** *** percent.

12. Verizon's New Jersey DUF rates also are inflated by Verizon's undocumented "CLEC Support" labor costs that are spread over only a small fraction of the number of messages actually processed within its system. There are three clear TELRIC violations that flow from these CLEC Support costs. *First,* Verizon has not demonstrated that the labor charges it seeks to recover via the CLEC Support charge are not already captured in the expense factors within the annual cost factors for other UNEs. Verizon's cost study makes no explicit reduction to remove the administrative labor costs from its embedded DUF administration costs. It is thus likely that these costs already are included with other UNEs and should not be included in another UNE charge.

13. *Second,* the CLEC Support costs reflect 13 full time employees that purportedly perform tasks such as "ongoing support and maintenance of DUF," "file control and monitoring" and "file processing and file correction." Nowhere in its study has Verizon attempted to demonstrate the need for this large, specialized CLEC-dedicated staff.

14. *Third,* Verizon spreads the cost of that CLEC-dedicated staff over something called "Regional CBO Message Demand." Verizon does not provide any support for this demand estimate other than to say that some "Project Manager" has provided it. As a preliminary matter, it is doubtful that Verizon has a dedicated CLEC support staff that does not address issues associated with incumbent LEC, interexchange carrier and other DUF records.

And Verizon has offered no evidence to the contrary. Those employees likely work on all DUF records. Accordingly, those costs should be spread over all DUF records, not some arbitrary subset of Regional CBO Messages. And in any event, even if those labor costs could properly be spread over only CLEC records, there is no evidence that the Regional CBO demand correctly represents the number of CLEC records, and that estimate likely severely understates CLEC demand. By spreading costs over only a fraction of throughput, Verizon has severely overstated the cost per message.

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct.

/s/ Michael Baranowski

Michael Baranowski

Executed on: March 8, 2002

TAB B

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of Application of Verizon New Jersey, Inc., BellAtlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a/ Verizon Enterprise Solutions), Verizon Global Networks, Inc., and Verizon Select Services, Inc., for Authorization to Provide In-Region InterLata Services in New Jersey	))))))))	WC Docket No. 02-67

DECLARATION OF RICHARD J. WALSH
ON BEHALF OF AT&T CORP.

1. My name is Richard J. Walsh. My business address is 33 Francis Drive, Hillsborough, NJ, 08844. I am Senior Telecommunications Analysis and founder/CEO of Richard J. Walsh & Associates, Inc.

2. I began my telecommunications career in 1970 with New England Telephone (subsequently NYNEX) in the Central Office Equipment Installation Department. From 1975 to 1984, I held positions in the Customer Services Outside Plant Department, as a Completions Clerk to the Installation Control Centers, a Facilities Assigner, and Electronic Switching Systems (ESS) Conversions Facilities Assigner, and as a Technical Support Staff Manager for ESS Conversions. As a Technical Support Staff Manager for ESS Conversions, I trained, supervised and directed non-management craft and semi-craft personnel in ESS conversion activities, and provided technical support to organizations that were responsible for records conversion and mechanization. Additionally, I was responsible for technical matters

associated with the dial for dial (electromechanical to electronic and digital) switch conversions. I was also instrumental in helping New England Telephone develop alternative plans for converting manual plant records to mechanized systems by defining system requirements and analyzing vendor software systems.

3. In 1984, I interned at Bellcore (Bell Communications Research) to develop system and training requirements for its Facility Assignment and Control System ("FACS") product line. I later accepted an assignment as a Staff Manager supporting FACS conversion activities where I was responsible for systems training, methods and procedures development, and the staffing of a company-wide FACS system hotline.

4. From 1986 to 1993 at NYNEX, I managed the day-to-day operations of the Rhode Island Mechanized Loop Assignment Center (MLAC), which included service order provisioning, field assistance, engineering work order preparation and support, as well as FACS database maintenance. I also worked as an Outside Plant Engineer designing and preparing work prints for toll, exchange feeder, and distribution cable jobs, estimating work order cost analysis, assuring work order quality and managing construction activities.

5. In 1993, I worked with Bellcore in its Software Assurance Division. At Bellcore, I provided systems integration release testing support for the FACS product line. In 1995, I transferred to the Professional Services Division as Lead/Senior Consultant in the Telecommunications Business Process Consulting group. During this time, I provided consulting to major telecommunications firms in areas concerning Telecommunication Reform, Local Number Portability, Telecommunications Network Management (TMN) Systems Architecture, and Non-Recurring Costs. In 1997, I retired from Bellcore to start my own telecommunications consulting company.

6. The purpose of my testimony is to demonstrate that Verizon's New Jersey non-recurring UNE rates reflect a non-TELRIC compatible charge for feature changes that substantially inflates local entrants' costs of providing local services in New Jersey.

7. Verizon's New Jersey UNE rates include a non-recurring service order charge of $7.71 (normal) and $11.02 (expedited) for feature changes on subsequent service orders. *See NJBPU Final Order*, Attachment C at 7, Cost Summary line 28.[1] This charge is not supported by the rate calculation set forth in the workpapers accompanying Verizon's non-recurring compliance filing. Those workpapers demonstrate that the charge for a subsequent feature change by an existing CLEC customer should be, at most, a *de minimus* amount based on the insignificant work effort. That is confirmed by the fact that Verizon imposes only an $0.83 charge to process an entire initial service order, including whatever features the customer has ordered. *See NJBPU Final Order*, Attachment C at 7, Cost Summary line 27. Simply put, whereas Verizon claims to incur no non-recurring charge for setting up features when a CLEC initially orders features for its customer, Verizon claims that it incurs costs of $7.71 or more every time that the CLEC customer changes a feature. Certainly, the costs associated with processing a feature change request can be no more than the costs of processing a much more complex initial service order, and thus Verizon's feature charge is, at best, nearly 10 times too high.

8. The fact that Verizon's feature change service order non-recurring charges are overstated is further confirmed by the work activities from which the charge is derived. Verizon relies upon work activities associated with the initial establishment of a CLEC

[1] New Jersey Board of Public Utilities, *Review of Unbundled Network Elements Rates, Terms and Conditions of Bell Atlantic-New Jersey, Inc.*, Docket No. To00060356, Decision And Order (rel. March 6, 2002) ("*NJBPU Final Order*").

customer's account as indicated by TISOC workgroup Task # 1. This TISOC task is properly applied only at the time of the initial service order establishment of a CLEC's customer account, but that charge is *not* applicable to changes in features made to an existing customer's account as indicated by TISOC workgroup # 2.[2] Indeed, Verizon's own cost development shows that costs associated with a service request from a CLEC "for changes in [an] existing account" are zero.[3]

9. Verizon was directed by the NJBPU to "re-run its non-recurring cost models to include all the aforementioned revisions, where appropriate" and "the Company [Verizon] must revise all non-recurring rates for service orders, C.O. wiring, provisioning, and field installations that were not revised by the Board, but include similar assumptions to those changed by the Board." *See* Letter from Henry M. Odgen, dated November 20, 2001, "NON-RECURRING COSTS AND ASSUMPTIONS," at 3. The Board made this request in

[2] Verizon's non-recurring cost model was described in detail by Bruce Meacham in an affidavit filed with the Board on July 28, 2000, as part of the TELRIC proceeding, Docket No. TO0060356. To develop non-recurring costs, Verizon distributed surveys to its workers to determine how much time it took them to complete each task necessary for the provision of a UNE, when performance of that task was necessary. Next, Verizon had a panel of subject matter experts develop "Typical Occurrence Factors," which reflected the percentage of all cases in which each task would be performed to provision a given UNE. Finally, the same group of experts developed "Forward-Looking Adjustment Factors," which reflected the degree to which costs were expected to be reduced by process improvements and new technologies in the foreseeable future. Verizon then applied these factors to the average work times derived through its surveys to establish the forward-looking time allotted to that task and used this information to produce the work papers used in its non-recurring cost model. Verizon had every opportunity to reflect the appropriate work tasks associated with the feature change. The adjustments made by the panel of subject matter experts that reviewed each element in the Verizon non-recurring cost models demonstrate that the cost for feature changes should be a *de minimus* amount based on the insignificant work effort by TISOC task 2 which is only applicable to changes made to existing accounts for which feature changes only applies.

[3] This zero amount is the result of adjustments made to TISOC task #2, "Receive Local Service Request from the CLEC and print, review, type and confirm the order request for changes in existing account." Verizon's panel of experts identified the "Typical Occurrence Factor" for this task to be 27% and adjusted this amount by setting the "Forward-Looking Adjustment Factors" to 0%. The Forward-Looking Adjustment Factor of 0% indicates the forward-looking network will not require this task.

conjunction with the modifications it found necessary to make to Verizon's non-recurring cost study. However, the outputs generated by the Board for Verizon's non-recurring cost study were limited to only a subset of UNE elements, because of the "enormity and complexity of the non-recurring cost model."[4] *See NJBPU Final Order* at 7.

10. At a minimum, Verizon should have adjusted the "Features with Subsequent Service Order" non-recurring charge to comport with the same assumptions the Board applied to UNE-Platform service order charges, which the NJBPU calculated to be $0.83. *See NJBPU Final Order*, Attachment C at 7, Cost Summary line 127. The majority of feature changes on subsequent service orders would only apply to existing CLEC UNE-P accounts. There is no reason to believe subsequent feature changes to existing UNE-Platform accounts would generate additional manual work required by the TISOC workgroup beyond the initial service order cost of $0.83 as identified by the NJBPU. Verizon's non-recurring cost model further demonstrates that manual work preformed by the TISOC that accounts for changes to existing accounts by TISOC task #2 is *de minimus*. Verizon's failure to make the appropriate adjustments based on the same assumptions the Board deemed necessary demonstrates that Verizon's non-recurring UNE rates for feature changes in New Jersey are vastly overstated and non-TELRIC. Of course, even $0.83 is too high for a feature order change. As shown in my testimony before the NJBPU in the state UNE rate case, the feature order change charge should not exceed $0.27. *See* AT&T January 14 Comments, Att. 1.

[4] The NJBPU only made generate rates for eight elements within the VZ-NRCM (Two Wire New Loops-Initial; Two Wire New Loops-Additional; Two Wire Loop Hot Cut-Initial Line; Two Wire Loop Hot Cut-Additional; POTS/ISDN BRI Platform-Migration-Initial Line; POTS/ISDN BRI Platform-Migration-Additional; POTS/ISDN BRI Platform-New Line, and POTS/ISDN BRI Platform-New Additional Line) but instructed Verizon "revise all non-recurring rates for service orders, C.O. wiring, provisioning, and field installations that were not revised by the Board, but include

11. This excessive feature change charge can have a substantial effect on new entrants' costs. Verizon's $7.71 charge appears to apply every time that a CLEC customer requests a feature change. That charge materially increases CLEC costs even for customers that request only one feature change each year. Of course, for customers requesting more frequent feature changes, the impact of this charge is multiplied accordingly. Because Verizon's own cost study demonstrates that no such charge, or at most the charge applicable to less than one minute of work, should be assessed to feature changes on existing accounts, Verizon has failed to satisfy its burden of proving that the feature change non-recurring cost is TELRIC-compliant.

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similar assumptions to those changed by the Board." *See* Letter from Henry M. Ogden, dated November 20, 2001, "NON-RECURRING COSTS AND ASSUMPTIONS," at 3.

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct.

/s/ Richard J. Walsh

Richard J. Walsh

Executed on: April 8, 2002

TAB C

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Application of Verizon New Jersey, Inc., et al., For Authorization to Provide In-Region, InterLATA Services in New Jersey	)	WC Docket No. 02-67

DECLARATION OF
MOHAMMED K. KAMAL
ON BEHALF OF AT&T CORP.

1. My name is Mohammed K. Kamal. My business address is 32 Avenue of the Americas, New York, New York. I am Manager for OSS Negotiation in AT&T's Local Network Services Organization. In my current position, I negotiate with Verizon's business team regarding OSS, including the upgrading of OSS interfaces. I am also responsible for negotiations involving, and coordination of, the billing systems required for AT&T to receive wholesale bills from VNJ. In addition, I monitor third-party testing of Verizon's OSS in certain States where such testing is occurring.

2. Over the last three years, I have managed AT&T's testing to determine whether the OSS of various incumbent local exchange carriers ("ILECs") can support AT&T's entry into the local exchange service market. In that capacity, I have managed testing of the OSS of Verizon-New York, Verizon-Pennsylvania, Verizon-Massachusetts, Verizon-Virginia, BellSouth-Georgia and SBC-Michigan. My responsibilities have included reviewing and

coordinating AT&T's implementation of all of Verizon's business rules and processes so that AT&T can use the pre-ordering, ordering, provisioning, billing, and maintenance and repair functions of Verizon's OSS.

3. I have approximately nine years of experience in the telecommunications industry. I have served in various capacities within AT&T, including Directory Listings Product Management of AT&T's Digital Link Local Service, Regional Marketing Management of AT&T Consumer and Small Business Services, and sales in AT&T Business Markets. I hold a Master's degree in Economics from the University of Brussels, and am currently pursuing an M.B.A. degree at St. John's University, New York. I received a Bachelor's degree in Biology from the University of Dhaka and completed a Certification Program in Telecommunications from Columbia University. Together with Robert J. Kirchberger and E. Christopher Nurse, I submitted testimony regarding VNJ's OSS on behalf of AT&T in its opening comments on VNJ's previous application for Section 271 authority in New Jersey.[1]

I. PURPOSE AND SUMMARY OF DECLARATION

4. The purpose of my declaration is to address whether, as VNJ contends in its latest application,[2] VNJ currently provides nondiscriminatory access to its OSS, as required by the Telecommunications Act of 1996 ("the 1996 Act"), including the competitive checklist set forth

[1] *See* Declaration of Robert J. Kirchberger, E. Christopher Nurse, and Mohammed K. Kamal on Behalf of AT&T Corp., filed January 14, 2002, in CC Docket No. 01-347.

[2] *See* Supplemental Declaration of Kathleen McLean, Raymond Wierzbicki, Catherine T. Webster, and Julie A. Canny, filed March 26, 2002, ¶ 49.

in Section 271 of the Act. Verizon is not doing so, because it fails to meet its obligation to provide nondiscriminatory access to billing functions.[3]

5. The Commission has held that "Wholesale bills are essential" to CLECs, because CLECs "must monitor the costs they incur in providing services to their customers."[4] Thus, any applicant for Section 271 authority "must demonstrate that it can produce a readable, auditable and accurate wholesale bill in order to satisfy its nondiscrimination requirements under checklist item 2."[5]

6. The Commission has also recognized that provision of adequate wholesale bills by a BOC is critical to a CLEC's ability to compete:

> Inaccurate or untimely wholesale bills can impede a competitive LEC's ability to compete in many ways. First, a competitive LEC must spend additional monetary resources reconciling bills and pursuing bill corrections. Second, a competitive LEC must show improper overcharges as current debts on its balance sheet until the charges are resolved, which can jeopardize its ability to attract investment capital. Third, competitive LECs must operate with a diminished capacity to monitor, predict and adjust expenses and prices in response to competition. Fourth, competitive LECs may lose revenue because they generally cannot, as a practical matter, back-bill end users in response to an untimely wholesale bill from an incumbent LEC.

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[3] *See In the Matter of Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, InterLATA Services in Louisiana*, CC Docket No. 98-121, Memorandum Opinion and Order released October 13, 1998 ("*Second BellSouth Louisiana Order*"), ¶ 158 (holding that a BOC's "OSS obligations also extend to the provision of nondiscriminatory access to billing functions").

[4] *See In the Matter of Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc. for Authorization To Provide In-Region, InterLATA Services In Pennsylvania*, CC Docket No. 01-138, Memorandum Opinion and Order released September 19, 2001 ("*Pennsylvania 271 Order*"), ¶ 13.

[5] *Pennsylvania 271 Order*, ¶ 22. *See also id.*, ¶ 13 (pursuant to checklist item 2, BOCs must provide CLECs with "complete, accurate, and timely wholesale bills").

> Accurate and timely wholesale bills in both retail and BOS BDT formats thus represent a crucial component of OSS.

Pennsylvania 271 Order, ¶ 23. The Commission also recognized in its *Pennsylvania 271 Order* that the effects of untimely or inaccurate wholesale bills "can prove especially acute for many competitors because wholesale inputs purchased from incumbent LECs often comprise the single largest cost element of providing service to their end users." *Id.,* ¶ 23 n.75.

7. The New Jersey Board of Public Utilities ("BPU") also has recognized that adequate wholesale bills are critical to the development of meaningful competition in the local exchange market, and are required by the 1996 Act. In its Consultative Report to the Commission on Verizon's previous application for Section 271 authority, the BPU stated that "Billing is an important aspect of the competitive marketplace. . . . Verizon NJ must render timely, accurate and auditable carrier bills to be paid for Verizon-provided services to its CLEC customers."[6]

8. Verizon, however, has not provided readable, auditable and accurate wholesale bills. The electronic wholesale bills that Verizon provides are improperly formatted, thereby preventing AT&T from using them to verify the accuracy of Verizon's charges. For more than a year, AT&T has repeatedly requested Verizon to fix the deficiencies in the electronic bill in OSS negotiations and other meetings. AT&T has also escalated the issue to its Accounts Managers at VNJ over the last year. Although Verizon has acknowledged these problems, it has not fixed them. Because of the deficiencies in the electronic bills, AT&T cannot as a practical matter verify the accuracy of Verizon's charges at all, given the substantial time and expense that would be required to audit the thousands of pages of wholesale bills that Verizon provides in paper

[6] Consultative Report of the New Jersey Board of Public Utilities filed January 14, 2002, in CC Docket No. 01-347 and NJBPU Docket No. TO01090541, at 40.

form in addition to the electronic bill. In fact, the deficiencies in the electronic bills preclude AT&T from processing them at all.

9. Verizon's paper bills are also inadequate. Verizon repeatedly – and inaccurately – includes charges for *retail* services (such as call waiting) on the paper *wholesale* bills for UNEs. These improper charges appear to be the result of systemic problems in Verizon's OSS. Although Verizon's wholesale Billing and Collections representatives at its Billing Telecom Industry Services Ordering Center ("TISOC") have generally conceded that the retail charges are improper and have agreed with AT&T's claims for adjustments to remove the improper charges, AT&T is required to expend considerable time and resources to have these issues resolved.

10. Moreover, Verizon is inconsistent in its treatment of AT&T's claims, often requiring AT&T to expend additional time and resources to follow up in order to ensure that VNJ will make adjustments for all charges improperly billed since a customer migrated from VNJ to AT&T. As discussed below, this process requires AT&T to follow up with VNJ's Billing TISOC to inquire why some billing claims were not processed to take into account errors in bills for previous months, while others were. The fact that CLECs are required to perform labor-intensive manual reviews of paper bills to identify problems, prepare claim forms, and then challenge VNJ's resolution of the claim when it fails to take bills for previous months into account is an unreasonable burden on CLECs – particularly since this process is necessitated solely because of VNJ's errors on its wholesale bills and is further exacerbated by the failure of VNJ to provide a properly formatted electronic bill.

II. VERIZON HAS NOT PROVIDED AT&T WITH COMMERCIALLY VIABLE ELECTRONIC BILLS.

11. AT&T considers it essential to receive wholesale bills from Verizon in the electronic, mechanized Billing Output Specification ("BOS") Bill Data Tape ("BDT") format. The BOS BDT format allows a CLEC to use computer software to electronically (and thus readily) audit the data. Verizon has long provided its own larger retail customers with retail bills in electronic format (CD ROM, EDI, and Magnetic Tape) that enable them to perform such an audit of their bills.

12. As a practical matter, absent the provision of electronic bills in BOS BDT format, AT&T cannot review or audit the accuracy of Verizon's wholesale bills. Although AT&T also receives wholesale bills from Verizon in paper form, a paper bill for a single month consists of thousands of pages. For some months, the paper bills are as much as ten feet high. Auditing all of these documents would be prohibitively expensive, given the substantial manpower and resources that would be required to complete the task. The need for electronic billing will become even more critical for AT&T as it attracts increasing volumes of customers in the New Jersey market.

13. Thus, for more than two years AT&T has sought the implementation of commercially viable electronic bills in the BOS BDT format in every State in Verizon's region, including New Jersey. AT&T's desire for electronic billing is reflected in an "Agreement on Billing Uniformity," which AT&T and Verizon entered into in September 2000. The agreement provides that, with certain exceptions, Verizon will provide electronic billing in BOS BDT format throughout its region by April 30, 2001, or on the first billing period thereafter. Agreement on Billing Uniformity (letter from Marian C. Jordan, Verizon, to Raymond G.

Crafton, AT&T), dated September 27, 2000, Section 3.1 (attached hereto as Attachment 1). Verizon first provided an electronic bill in BOS BDT format in Pennsylvania in February 2000, and in New Jersey later that year.

14. However, the electronic bills that AT&T has received from Verizon in BOS BDT format in New Jersey have been seriously defective since Verizon first began providing them. The electronic bills have been transmitted in a format that is improper and that AT&T cannot use. Indeed, these deficiencies have appeared in the electronic bills that AT&T has received not only in New Jersey, but also in Pennsylvania and Delaware (where Verizon provides electronic bills using the same systems as those used for New Jersey).

15. First, VNJ has routinely failed to provide a telephone number for every charge (coded according to the Universal Service Order Code) that is listed on the bill.[7] As a result, AT&T has been unable to reconcile those charges for which Verizon failed to provide an associated telephone number. In each such instance, AT&T has incurred additional administrative costs to manually research the telephone number that should be associated with the USOC before AT&T could meaningfully use the billing information.

16. Verizon has advised AT&T that it implemented a "fix" in late 2001 that corrected this problem. Although AT&T's February 2002 BOS BDT bill in New Jersey appeared to include a telephone number for each charge, it is premature to conclude that the problem has been fixed on the basis of one month's bill. In fact, this deficiency is still occurring on the BOS

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[7]Universal Service Order Codes ("USOCs") are codes used by local carriers to identify the services and features that they offer to customers. *In the Matter of Application by Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services In Michigan*, CC Docket No. 97-137, Memorandum Opinion and Order released August 19, 1997 ("*Michigan 271 Order*"), ¶ 137 n.336.

BDT bills that AT&T receives in Pennsylvania (even though the two States utilize the same Verizon billing systems).

17. Second, the electronic bills are incorrectly formatted in violation of industry billing guidelines. For example, VNJ's BOS BDT bills contain Phrase Codes X99 and G93. These codes violate industry (Telcordia) Standards, which provide that only codes beginning with X, Y, and Z are to be used as Local Use Codes. Because AT&T has designed its own internal billing systems in accordance with industry standards, VNJ's inclusion of non-industry standard codes on the BOS BDT bills precludes AT&T from auditing the bills and from inputting the data from the bills into its own systems.

18. AT&T has repeatedly raised these coding problems with Verizon for more than a year, expending substantial time and resources in its attempts to have them corrected. AT&T's OSS negotiators, including myself, raised these problems with VNJ and escalated them to the VNJ Account Managers for AT&T. AT&T has also discussed these problems in other meetings and in numerous correspondence with Verizon over the last year. AT&T even filed a change request for correction of one of the problems (Verizon's failure to provide a telephone number for each charge).[8]

19. VNJ has acknowledged that these defects exist, but to date it still has not fully eliminated them. Yet, despite these known deficiencies, VNJ notified CLECs last August that

[8] Only after numerous meetings and discussions about the problem did Verizon advise AT&T that its failure to provide telephone numbers for each charge on the bill was a systems defect for which AT&T should file a change request. AT&T could not file a change request regarding Verizon's inclusion of Phrase Codes X99 and G93 because that problem did not involve a systems defect subject to the Change Management Process, but resulted from Verizon's failure to comply with industry standards.

they could elect to use the BOS BDT bill (rather than the paper bill) as their official bill of record beginning in October 2001.[9] Until the defects in the BOS BDT bill have been eliminated, however, there is no reason why AT&T would wish to designate that bill as its bill of record.

20. VNJ has asserted that its releases scheduled for implementation in March and April 2002 will resolve the coding problems. Even if these releases are implemented as scheduled, however, it will take several billing cycles before it can be determined whether the problems have, in fact, been eliminated. Verizon's own billing expert acknowledged less than a year ago, in Section 271 proceedings before the Pennsylvania Public Utility Commission, that "several cycles" of billing must be completed before any conclusive judgment can be made on whether newly implemented system changes have been successful.[10]

21. Until VNJ corrects these problems, CLECs such as AT&T have no viable means of determining whether the charges on the electronic bill are accurate. Verizon has stated that, to ensure that the BOS BDT bills balance internally (*i.e.*, that the sum of every charge or credit results in the stated total at the next highest level of detail on the bill), it has implemented a process whereby its personnel review and adjust the BOS BDT bills to match them to the paper bills. This manual procedure, however, is no substitute for accurate and readable electronic bills that CLECs themselves can audit. For example, CLECs have no means of determining what manual adjustments Verizon has made, or whether the manual adjustments are correct.

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[9] *See* electronic mail message from BA Change Control to CLECs, dated August 29, 2001 (attached hereto as Attachment 2).

[10] *See Pennsylvania 271 Order*, ¶ 37 n.141 (discussing April 25, 2001, testimony of Verizon's witness Warren Geller before Pennsylvania PUC).

22. Verizon has previously defended the accuracy of its electronic bills by arguing that: (1) KPMG's third-party testing in New Jersey verified the accuracy of VNJ's bills; and (2) PriceWaterhouseCoopers ("PWC") performed a review of VNJ's BOS BDT bills to determine whether they were comparable to its paper bills, tested the readability and auditability of the BOS BDT bill, and concluded that the BOS BDT bill matched the paper bill for key billing elements and summarization points. Neither of these reviews, however, demonstrates that the current BOS BDT bill is accurate. KPMG verified only the accuracy of the *paper* bills that VNJ issued to KPMG's "pseudo-CLEC." Moreover PWC's "attestation review" (which was commissioned by VNJ) was limited to a comparison of the BDT wholesale bills to the corresponding paper bills to determine whether the BDT bills matched the paper bills. VNJ did not request, and PWC did not perform, any review of the accuracy of the billing information on the BOS BDT bill.

23. Verizon's promised improvements cannot alter the fact that, today, AT&T cannot monitor and verify the accuracy of the charges on the electronic wholesale bills that it receives from Verizon. As a result, VNJ has not met its obligation to provide nondiscriminatory access to billing functions.

III. THE PAPER WHOLESALE BILLS THAT VNJ PROVIDES TO CLECS ARE <u>INACCURATE AND DISCRIMINATORY.</u>

24. In addition to its failure to provide adequate electronic wholesale bills in BOS BDT format, VNJ does not even provide CLEC with accurate wholesale paper bills. Specifically, VNJ is improperly including charges for *retail* services in *wholesale* bills for UNEs, apparently due to a systemic problem in its OSS.

25. AT&T provides local exchange service to certain customers in New Jersey through the purchase of the UNE platform ("UNE-P") from VNJ. The UNE-P includes the unbundled port and switch. Under the Commission's precedents, a CLEC purchasing the unbundled port and switch from a BOC is entitled to provide vertical features to its customers without being required to pay additional charges to the BOC.[11] Thus, any wholesale bill from VNJ for the UNE-P should not include any separate, additional charges for retail features such as touch-tone or call waiting.

26. However, in reviewing samples of its January and February 2002 UNE-P wholesale bills from VNJ, AT&T discovered that VNJ imposed charges on certain accounts *both* for unbundled switching at UNE rates *and* for vertical features at retail rates. For example, in a review that it conducted of VNJ's UNE-P paper bills for February 2002 for 264 accounts, AT&T determined that 2.03 percent of those bills contained charges for retail services such as call waiting.[12]

27. VNJ's inclusion of retail charges in AT&T's wholesale bills appears to reflect a systemic problem. Such inclusion has occurred only when the customer is taking certain services, such as call waiting, caller I.D., or touch-tone.

28. The erroneous inclusion of retail charges on the wholesale bills has required AT&T to file numerous claims with Verizon for adjustment of the charges each time that such

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[11] *See, e.g.*, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket Nos. 96-98 and 95-185, First Report and Order released August 8, 1996, ¶ 412-413.

[12] These 264 accounts represented 5 percent of the total billed accounts of AT&T in February 2002. Copies of some of the bills from these 264 accounts with erroneous retail charges, along with their billing claims forms, are attached hereto as Attachment 3.

erroneous billing occurs. Because a separate claim must be submitted for each end-user account that is erroneously billed, AT&T must expend substantial time and resources to have the bills adjusted. Thus far, AT&T has been required to file between 12 and 15 separate claims concerning the accounts manually checked on the February UNE-P wholesale bill. Because these accounts represent only a small sample of the entire bill, the claims actually submitted by AT&T vastly understate the nature of the problem and the amounts of the erroneous retail charges that were included on the wholesale bills. AT&T has submitted claims only for a sample of all accounts because attempting to file claims on all accounts would be enormously time-consuming and costly. The submission of each claim requires AT&T's billing analysts to conduct a manual review of AT&T's stacks of paper bills, identify the erroneous charges, complete the appropriate claims form, and send the form to VNJ's Billing TISOC for processing.

29. Verizon has already acknowledged that many of AT&T's claims for adjustments are proper, and that the retail charges involved in those claims were billed in error. However, when VNJ grants a claim, the adjustment that it makes varies depending upon the Verizon representative handling the claim. In some cases, the Verizon representative adjusts the bill on the account to reflect a credit for all months since the customer began taking service for AT&T. For other claims, however, the VNJ representative adjusts the account only for the most recent month's bill where the error was detected by AT&T. In the latter situation, AT&T is then required to follow up with VNJ to ensure that the bill is adjusted for all past bills that improperly included retail charges.

30. Verizon's inconsistent treatment of these claims imposes an unreasonable burden on AT&T. The additional step of following up on a claim for which VNJ failed to give adequate credit only increases the time, effort, and costs that AT&T must expend to have VNJ's billing

errors corrected when the bills are provided in paper form (and an adequate electronic bill is unavailable). Because retail charges should *never* occur on a wholesale UNE-P bill, any reasonable VNJ representative would follow through and investigate whether the charges occurred on bills for all months since the customer migrated to AT&T. There is no justifiable reason why AT&T should be required to pursue the matter and make an additional request for adjustments on other months' bills. Once a CLEC has identified a systematic error such as this, VNJ should take the initiative, determine the root cause, and review the CLEC's wholesale bill for accuracy. All inappropriate retail charges on the wholesale bill should then be removed. The billing process should not be a game of "catch me if you can," requiring the CLEC to identify these discriminatory charges on an account-by-account basis.

31. VNJ's inclusion of retail charges on wholesale bills is plainly discriminatory. In order to protect itself from these numerous incorrect charges, AT&T is required to expend substantial time and resources in reviewing and analyzing the wholesale bills and requesting credits from VNJ. This process imposes unnecessary and significant costs on AT&T that VNJ does not incur in its own retail operations.

DC1 552036v2 April 8, 2002 (11:03am)

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on April 8, 2002

Mohammed K. Kamal

Attachment 1

Verizon Communications
d/b/a/ Bell Atlantic Network Services, Inc.
Two Bell Atlantic Plaza
1320 N. Court House Road, 7th Floor
Arlington, VA 22201

Marion C. Jordan
Vice President
CLEC System Support

September 27, 2000

BY FACSIMILE AND FIRST CLASS MAIL

Mr. Raymond G. Crafton
Vice President
AT&T Corporation
Suite 1345
32 Avenue of Americas
New York, NY 10013

Re: Agreement on Billing Uniformity

Dear Ray:

This letter sets forth the terms of the agreement reached between Verizon and AT&T regarding Verizon's obligations under Sections 6.4.1 and 6.4.2 of the Settlement Agreement with respect to billing uniformity.

Verizon agrees to provide solely for the former Bell Atlantic service area the following functionality not currently required under the Settlement Agreement dated August 20, 1999:[1]

1.0. LSR Ordering

1.1. By February 28, 2001, Verizon will permit AT&T to submit the circuit identification for loop facility local service requests ("LSRs") without any reference to CLEC fictitious or summary bill master account numbers. More specifically, neither Billing Account Number 1 ("BAN") or BAN2 fields will need to be populated with the loop account numbers referenced above for new loops, migrations, or post-migration activities.

[1] The functionalities included in this agreement affecting preorder and order transactions pertain to LSOG 4 transaction set definitions.

1.2. Verizon agrees to permit AT&T to continue to submit platform LSRs with working telephone number only for new platform arrangements, migrations to platform or post migration activities.

2.0. Billing/Account Hierarchy

2.1. By April 30, 2001 or the first bill period thereafter, Verizon will provide one BAN per product per entity;[1] per state, except as otherwise provided below in Section 2.1.5. Verizon's obligation to provide one BAN per product per entity per state is subject to the following requirements:

2.1.1. The entity level is AT&T, TCG, ACC, etc.

2.1.2. The products are:

- UNE Platform – non-designed services (including platform listings)
- UNE Platform – designed services
- Trunk port
- UNE – IOF
- UNE – Loop
- UNE Loop Listings
- Virtual collocation
- Physical collocation – FCC tariff
- Physical collocation – State tariff;

2.1.3. There will be no business or residence differentiation so long as AT&T uses different entity codes for its business and residence accounts;

2.1.4. If the state bill data tape ("BDT") is too large, Verizon will provide the bill by LATA. Verizon and AT&T will work cooperatively to determine whether a state or LATA BDT should be produced; if a LATA BDT is produced, a separate BAN will be assigned for each LATA; and

2.1.5. To the extent that AT&T, in a given jurisdiction, converts a new customer that was served by Verizon using retail billing that is either legacy or expressTRAK X.5, if AT&T is established as a CLEC in expressTRAK (non-x.5) in that jurisdiction, then, until that customer is converted (swept) into expressTRAK, the billing for that customer will remain under a BAN different from the BAN established for AT&T in expressTRAK. Given current plans, this means that there would be no sweep in the former BA-North states, unless and until expressTRAK (non-X.5) is deployed in those jurisdictions. In VA and MD, sweeps will end when there are no retail customers left in legacy

[1] "Entity" is defined by AT&T's utilization of authorized ACNA values and is not an acknowledgement by Verizon of AT&T's "entity" designation.

retail, and in NJ and PA, sweeps will be required as described in the chart below, unless AT&T elects to use expressTRAK X.5 (as provided in Section 6.0), to the extent available from Verizon, rather than expressTRAK (non-X.5). In most circumstances, Verizon expects that the sweep into expressTRAK will not extend more than one billing cycle as to a given customer. Verizon will follow then-current change management process in its deployments of expressTRAK, and will also provide at least 90 days prior notice in advance of commencing its retail expressTRAK deployment in a given jurisdiction.

Outline of process applicable to Section 2.1.5 and Section 3.3

Transaction Type	Status of BA Retail Account	Billing/Customer Care System	
New Install	NA	Customer will be acquired into wholesale ET environment (no sweep), assuming AT&T is established in ET	
Migration	Legacy (or X.5)	Customer will be migrated to legacy wholesale (or X.5); sweep if AT&T is established in ET (non-X.5)	
Migration	ET (non-x.5)	Customer will be migrated to ET (non-X.5) – no sweep assuming AT&T is established in ET	
Post Migration Change	NA	Order will be processed in the billing environment in which the customer currently resides	

2.2. By April 30, 2001 or the first bill period thereafter, Verizon will provide a single bill period for each product by state, except if Verizon provides a LATA BDT as described in 2.1.4 above. Verizon and AT&T will work cooperatively to determine specific bill periods for each product and state jurisdiction.

2.3. Verizon will provide pro-rated billing during the transition to a single bill period.

2.4. By April 30, 2001 or the first bill period thereafter, the category of items billed within a product category will be uniform across state/LATA jurisdictions (*i.e.*, the BDT for UNE loops in the former Bell Atlantic South states will not contain both loops and miscellaneous billing where the BDT for UNE loops in the former Bell Atlantic North states contains only UNE loops).

3.0. CABS BOS/BDT

3.1. By April 30, 2001 or the first bill period thereafter, Verizon will provide a uniform statewide (or LATA) BDT for a single bill period per product per entity per month in the CABS/BOS format, except as otherwise provided below in Section 3.3. "Uniformity" is defined in this context as common record structures/data elements and the application of CABS/BOS standards by product, subject to the uniformity exceptions set forth elsewhere in the Settlement Agreement dated August 20, 1999.

3.2. By April 30, 2001 or the first bill period thereafter, the BDT will be produced as follows:

BDT Product	Level of Summarization Within State or LATA
UNE Platform – non-designed services	End office by TN
UNE Platform – designed services	End office by CLT
Trunk port	End office by Trunk group
UNE – IOF	By Circuit
UNE – Loop	By Circuit
UNE Loop Listings	By BAN
Virtual collocation	By Circuit
Physical collocation – FCC tariff	By Collocation arrangement
Physical collocation – State tariff	By Collocation arrangement

3.3. To the extent that AT&T, in a given jurisdiction, converts a new customer that was served by Verizon using legacy retail billing, if AT&T is established as a CLEC in expressTRAK (non-x.5) in that jurisdiction, then, until that customer is converted (swept) into expressTRAK, the billing for that customer shall appear on a CABS/BOS BDT file that is separate from the CABS/BOS BDT file provided for customers served from expressTRAK. Given current plans, this means that there would be no sweeps in the former BA-North states, unless and until expressTRAK (non-X.5) is deployed in those jurisdictions. In VA and MD, sweeps will end when there are no retail customers left in legacy retail and in NJ and PA, sweeps will be required as described in the chart in Section 2.1.5, unless AT&T elects to use expressTRAK X.5 (as provided in Section 6.0), to the extent available from Verizon, rather than expressTRAK (non-X.5). In most circumstances, Verizon expects that the sweep into expressTRAK will not extend more than one billing cycle as to a given customer. Verizon will follow then current change management process in its deployments of expressTRAK, and will also provide at least 90 days prior notice in advance of commencing its retail expressTRAK deployment in a given jurisdiction.

4.0. USOCs

4.1. By February 28, 2001, Verizon will implement the following new wholesale capabilities with respect to the standardization of the feature codes (USOCs) listed on Attachment A:

4.1.1. These USOCs will be presented on all LSOG 4 parsed and LSOG 4 unparsed retail CSR queries;

4.1.2. These USOCs will be presented on the Service Order Inquiry, LSR, Billing Completion Notice, and BOS BDT.

4.1.3. In providing this capability, AT&T recognizes that rate information currently provided on the retail CSR may no longer be available.

4.2. By February 28, 2001, AT&T will be able to elect to use the capabilities (described above in Section 4.1) by entity and state jurisdiction. AT&T may also elect to use the capabilities in all state jurisdictions at the same time.

4.3. By June 30, 2001, Verizon will extend the capability offered in 4.1 to present a version of the retail CSR that breaks out "commonly used packages" into their component vertical features. As used above, the term "commonly used packages" means packages which represent 85% of all generally available (as opposed to customer specific) packages then actually billed across the former Bell Atlantic service area, as of January 31, 2001. In addition, for new packages first introduced for general availability by Verizon in the former Bell Atlantic service area after June 30, 2001, Verizon will implement the above CSR capability in accordance with then current change management procedures, but in no event later than six (6) months after the date the package was first made generally available to its retail customer. For new packages first introduced for general availability in the former Bell Atlantic service area between January 31, 2001 and June 30, 2001, Verizon will implement the above CSR capability in accordance with then current change management procedures, but in no event later than six (6) months after June 30, 2001.

5.0. CSR

5.1. By February 28, 2001, Verizon will provide as a new wholesale capability, an enhanced LSOG 4 unparsed retail CSR which presents a common structure as further described below. In providing this capability, AT&T recognizes that rate information currently provided on the retail CSR may no longer be available. The following sections of the unparsed CSR will be presented in the following order: account identification, listing, billing, and service and equipment sections. This proposed sequence for unparsed CSR sections will be consistent irrespective of the retail billing system utilized by Verizon (i.e., CRIS, expressTRAK (including expressTRAK x.5)). If a given section is not present on a specific account, that section will be omitted; however, the overall sequence will remain the same.

6.0 Further Agreement

In exchange for Verizon's agreement to provide the additional functionality described above, AT&T acknowledges and agrees to the following:

- Verizon intends to deploy a version of expressTRAK (referred to as "expressTRAK x.5") for unbundled loop and unbundled platform in New York, Massachusetts and the other former Bell Atlantic North states;

- ExpressTRAK x. 5 will leverage a significant amount of existing legacy code, but will present uniform wholesale billing interfaces for unbundled loop and unbundled platform;

- Accordingly, the retail CSR may remain as it exists today, although a more uniform wholesale view of the retail CSR will be offered through the unparsed common structure and USOC mapping functionalities applicable to both the unparsed and parsed CSR discussed above;

- Verizon's deployment of expressTRAK X.5 (described above) for unbundled loop and unbundled platform and the other uniformity measures described above by the dates set forth in Sections 1.0 through 5.0 above meets or exceeds Verizon's obligations under Sections 6.4.1 and 6.4.2 of the Settlement Agreement to provide billing uniformity in New York, Massachusetts and the other former Bell Atlantic North states. The applicable dates for providing uniformity set forth in the Settlement Agreement are deemed extended as provided above.

- AT&T and Verizon shall negotiate the terms and provisions relating to any pilot(s) for expressTRAK X.5.

- Verizon's obligations in Section 6.4.1 for Maryland, Virginia, Pennsylvania and New Jersey for unbundled loop and unbundled platform for new customers (newly acquired by AT&T) is reset to October 31, 2000, with the following functionalities and additional conditions:

    - Verizon will provide an expressTRAK CABS/BOS BDT in the October release (subject to Section 3.0); provided, however, that the following functionalities requested by AT&T will be provided as follows:

- Aggregation of end office usage on platform services – by December 31, 2000;
- Remapping X.99 phrase codes to applicable CABS/BOS codes – by February 28, 2001.

- Prior to using the uniformity functionality (for new customers) delivered by Verizon via expressTRAK, in satisfaction of Section 6.4.1, AT&T shall conduct pilot testing as negotiated by both parties, recognizing that pilot testing will likely be different, given state-specific environments and requirements. AT&T and Verizon view one pilot encompassing Maryland and Virginia as sufficient and view a separate pilot each for Pennsylvania and New Jersey, respectively.

- Verizon will fulfill obligations via expressTRAK outlined in Section 6.4.1 for existing (embedded wholesale base acquired prior to October 31, 2000) AT&T unbundled loop and unbundled platform customers in Maryland, Virginia, Pennsylvania and New Jersey via the initial conversion of embedded base within 3 months after AT&T and Verizon complete pilot testing for the applicable jurisdiction.

- Verizon will make available the currently planned solution for handling complex listings in expressTRAK by December 31, 2000 for VA, MD, PA and NJ; AT&T's use of this interim solution does not constitute a waiver of its position that the interim solution is unacceptable. In addition, Verizon agrees to negotiate with AT&T in good faith by October 31, 2000 an additional solution and a plan for handling complex listings for expressTRAK for MD, VA, PA and NJ. If AT&T and Verizon cannot agree to a solution, the dispute may be brought to the Arbitration Panel; provided, however, that the Arbitration Panel may only award penalties, if at all, beginning December 31, 2000, subject to Section 9 of the Settlement Agreement dated August 20, 1999.

- Alternatively, Verizon's obligations in Section 6.4.1 for Pennsylvania and New Jersey for unbundled loop and unbundled platform, for new and existing customers, shall be deemed met (or exceeded) in the event AT&T requests Verizon to provide expressTRAK X.5 for those states, and Verizon provides such functionality by the dates set forth in Sections 1.0 through 5.0, above. AT&T must provide this request no later October 31, 2000, but may do so on a state-by-state basis.

The parties acknowledge that nothing in this Agreement shall require Verizon to act in a manner contrary to law or an order of any Court or regulatory authority. AT&T and Verizon specifically agree to support and promote the capabilities described above in the obligations under Section 6.5 of the Agreement, for example, where performan hereunder is rendered unreasonable or impractical in view of obligations undertaken as result of the Collaboratives. The parties agree that Section 6.5 of the Agreement includ the right of Verizon to seek relief entirely from an obligation (i.e. a perpetual extension) or modification of an obligation under this Agreement, not just a temporary deferment to a ne deadline; provided however, that with respect obligations not covered by this Agreeme AT&T reserves the right to argue that Section 6.5 applies only to a temporary deferment.

This agreement constitutes an amendment to the Settlement Agreement dated August 20, 1999. Except as modified above, the terms of the Settlement Agreement rema in effect.

Sincerely,

Marion Jordan

Please sign below acknowledging and agreeing to the above terms.

Attachment 2

From: BA Change Control
Date: 08/29/2001 03:12:54 PM
Subject: New Jersey Billing Options

All-

Currently, the official Bill of Record presented to CLECs for payment of Verizon New Jersey charges is the paper bill. There is no charge to the CLECs for this paper bill because it is the primary billing medium. This notice announces that CLECs and Resellers may now designate the BOS/BDT bill medium as their bill of record for wholesale billing by Verizon New Jersey for bill periods with a complete month of usage beginning September 1st. The paper bill will continue to be the bill of record for carriers that do not designate BOS/BDT.

Further, Verizon NJ will supply a CLEC either the paper bill or the BOS BDT bill, or both, at the CLEC's request. To assist in the transition, there will be no extra charge for the second billing medium at this time.

CLECs in New Jersey that wish to designate their existing BOS BDT formatted bills as their official bill of record or to establish new BOS BDT billing should contact their Verizon Account Manager.

Thank you

Attachment 3

BELL ATLANTIC CLEC MANUAL CLAIMS FORM

Select One: Usage ( ) Non-recurring ( ) Recurring (x)

Ban/Acct #: 609Z101003 **End User Acct #:** 973[redacted]-5048

Bill Date: 1/20/02 **Invoice #:** **Amount of Claim:** $6.59

Reason for Claim: AT&T does not pay for touch tone $2.00 and call waiting $4.59.

Type of Call: NA **No. Called:** NA *(usage claims only)*

Duration: NA **Date of Call: NA**

From Bill Page No: NA **To Bill Page No:** *(usage and non-recurring claims only)*

From Bill Line ID: NA **To Bill Line ID:**

USOC: NA **PON/Order #:** NA *(recurring claims only)*

From Date: NA **To Date:** NA

Notation:

CLEC Contact Name: AT&T – Chris Weekley

CLEC Tel. No: 770-750-8247

CLEC Fax No: 770-750-8201

****

STATUS OF CLAIM:

REASON:

verizon

973 [redacted]-5048-480 08Y

Summary of your account — January 20, 2002

Charges from last month		
Amount of your last bill..............	$43.12	
Amount transferred to Summary Bill ..	-43.12	
Amount you still owe		$.00
Charges for this month		
Our charges	$15.25	
Call 1 888-847-6288 if you have a question		
Total for this month............................		$15.25
Total amount you owe-transferred to Summary Bill		**$15.25**

verizon

973 [redacted]-5048-480 08Y

Verizon charges — January 20, 2002

BASIC CHARGES

Basic service includes all charges that are regulated by the New Jersey Board of Public Utilities, such as the line charge, local calling, etc.

WRONG

$1.

These monthly charges are for your service from Jan 20 to Feb 19

2 TOUCH TONE-PER LINE-RES............................	$2.00
NON PUBLISHED TEL LISTING	*1.45
Local Number Portability Surcharge	.46
Additional credits and charges	
Adjustment due to change in rate for Minutes of Use	-2.72

TAX KEY: US=* NJ=@ BOTH=&

Continued

verizon

January 20, 2002

Total Verizon basic charges	$1.19

NON-BASIC CHARGES

Non-basic service includes all charges, except tolls, that are not regulated by the New Jersey Board of Public Utilities, such as Inside Wiring and Guardian.

WRONG

These monthly charges are for your service from Jan 20 to Feb 19

CALL WAITING..	$4.59
2 Analog Residence Individual Message Line - Platform	1.46 → .73
2 Rebundled Basic Loop	*16.24 → 8.12

Additional credits and charges
Adjustment due to change in rate
From Dec. 17, 2001 to the date of this bill .... -11.00@

TAX KEY: US=* NJ=@ BOTH=&

Total Verizon non-basic charges $11.29

VERIZON TOLL CHARGES

Unbundled Residence Port Usage

Usage from Dec 20 to Jan 22

	Qty		Rate	
Originating Minutes	481.6	x	.002773	*1.34
Terminating Minutes	529.4	x	.002508	*1.33

Continued

Usage from Nov 20 to Dec 19

	Qty		Rate	
Originating Minutes	33.2	x	.002773	*.09
Terminating Minutes	5.5	x	.002508	*.01

800 Query Dip Usage

Dec 20 to Jan 22	0	x	@ 0.0009060	*.00

Operator Applied Credits

Dec 20 to Jan 22	0	x	@ 0.0044030	-.00

Total Verizon toll charges $2.77

Total Verizon charges $15.25
If you have a question call toll free 1 888-847-6288.
For repair call 1-800-275-2355

For Your Information

The Federal Universal Service Fund (FUSF) charge is increasing to $.54. The FUSF charge, which is reviewed quarterly, helps to keep local telephone rates affordable for all customers and gives a discount to schools, libraries and low-income families. This charge is not applied to Lifeline customers. To find out if you are eligible for Lifeline, go to http://www.lifelinesupport.org on the internet or contact your Verizon business office.

BELL ATLANTIC CLEC MANUAL CLAIMS FORM

Select One: Usage ( ) Non-recurring ( ) Recurring (x)

Ban/Acct #: 609Z031005 **End User Acct #:** 201[redacted]3959

Bill Date: 2/10/02 **Invoice #:** **Amount of Claim:** $12.74

Reason for Claim: AT&T does not pay for features: touchtone $10.05, call forwarding $2.69.

Type of Call: NA **No. Called:** NA *(usage claims only)*

Duration: NA **Date of Call:** **NA**

From Bill Page No: **NA** **To Bill Page No:** *(usage and non-recurring claims only)*

From Bill Line ID: NA **To Bill Line ID:**

USOC: NA **PON/Order #:** NA *(recurring claims only)*

From Date: NA **To Date:** NA

Notation: **These charges are for features that ATT should not be paying for.**

CLEC Contact Name: AT&T – Chris Weekley

CLEC Tel. No: 770-750-8247

CLEC Fax No: 770-750-8201

****

STATUS OF CLAIM:

REASON:

verizon

Summary of your account — February 10, 2002

AT&T
AT&T CALLER SVC 6908
ATTN ACC BL COORDINATOR
ALPHARETTA, GA 30009

Charges from last month		
Amount of your last bill..............	$98.52	
Amount transferred to Summary Bill ..	-98.52	
Amount you still owe		$.00
Charges for this month		
Our charges-See Page 2	$23.55	
Call 1 888-847-6288 if you have a question		
Total for this month..............................		$23.55
Total amount you owe-transferred to Summary Bill		$23.55

verizon

Verizon charges — February 10, 2002

This month's charges Regular service ......See Page 4 ... $56.99
Local Number Portability Surcharge . +1.15

Unbundled Business Port Usage

	Qty		Rate	
Usage from Jan 10 to Feb 12				
Originating Minutes	2344.2	x	.002773	+6.50
Terminating Minutes	2031.2	x	.001885	+3.83
Usage from Dec 10 to Jan 9				
Originating Minutes	22.8	x	.002773	+.06
Terminating Minutes	8.2	x	.001885	+.02

Additional charges ..See Page 8 .... -45.00

800 Query Dip Usage

Continued

verizon

February 10, 2002

Jan 10 to Feb 12	0	x	@ 0.0009060	+.00
Operator Applied Credits				
Jan 10 to Feb 12	0	x	@ 0.0044030	-.00

Total Verizon charges $23.55
For repair call 1-800-275-2355

verizon

Monthly charges February 10, 2002

These monthly charges are for your service from Feb 10 to Mar 9

Monthly charges

TOUCHTONE-PER LINE-BUS 201 288-9239	$2.01
TOUCHTONE-PER LINE-BUS 201 288-8427	*2.01
TOUCHTONE-PER LINE-BUS 201 288-7971	*2.01
TOUCHTONE-PER LINE-BUS 201 288-3959	*2.01
TOUCHTONE-PER LINE-BUS 201 288-1823	*2.01
CUSTOM CALL SVC-CALL FORWARDNG 201 288-3959	*2.69
700 & 900 BLOCKING OPTION 201 288-9239	*.00

WRONG

Continued

verizon

February 10, 2002

700 & 900 BLOCKING OPTION 201 288-8427	*.00
700 & 900 BLOCKING OPTION 201 288-7971	*.00
700 & 900 BLOCKING OPTION 201 288-3959	*.00
700 & 900 BLOCKING OPTION 201 288-1823	*.00
Analog Business Individual Message Line - Platform 201 288-9239	*.73
Analog Business Individual Message Line - Platform 201 288-8427	*.73
Analog Business Individual Message Line - Platform 201 288-7971	*.73
Analog Business Individual Message Line - Platform 201 288-3959	*.73

Continued

Analog Business Individual Message
Line - Platform 201 288-1823 .... *.73
Specialized Routing AIN Solution
201 288-9239.................................... *.00
Specialized Routing AIN Solution
201 288-8427.................................... *.00
Specialized Routing AIN Solution
201 288-7971.................................... *.00
Specialized Routing AIN Solution
201 288-1823.................................... *.00
Specialized Routing AIN Solution .... *.00
Rebundled Basic Loop
201 288-9239.................................... *8.12
Rebundled Basic Loop
201 288-8427.................................... *8.12
Rebundled Basic Loop
201 288-7971.................................... *8.12

Continued

Rebundled Basic Loop
201 288-1823.................................... *8.12
Rebundled Basic Loop *8.12

Call 1 888-847-6288 if you have a question.

Additional credits and charges

Adjustment due to change in rate
From Dec. 17, 2001 to the date of this bill .... -45.00

TAX KEY: US=* NJ=@ BOTH=&

Total for additional credits and charges $ -45.00
If you have a question call toll free 1 888-847-6288.

BELL ATLANTIC CLEC MANUAL CLAIMS FORM

Select One: Usage ( ) Non-recurring ( ) Recurring (x)

Ban/Acct #: 609Z031005 **End User Acct #:** 201 [redacted] 1777

Bill Date: 2/10/02 **Invoice #:** **Amount of Claim:** $12.35

Reason for Claim: AT&T does not pay for touch-tone$2.01, call waiting $7.65, calling card toll charges $5.36.

Type of Call: NA **No. Called:** NA *(usage claims only)*

Duration: NA **Date of Call: NA**

From Bill Page No: NA **To Bill Page No:** *(usage and non-recurring claims only)*

From Bill Line ID: NA **To Bill Line ID:**

USOC: NA **PON/Order #:** NA *(recurring claims only)*

From Date: NA **To Date:** NA

Notation: These charges are for features and calls that ATT should not be paying for.

CLEC Contact Name: AT&T – Chris Weekley

CLEC Tel. No: 770-750-8247

CLEC Fax No: 770-750-8201

****

STATUS OF CLAIM:

REASON:

verizon

201 [redacted]-1777-137 63Y

Summary of your account — February 10, 2002

AT&T
AT&T CALLER SVC 6908
ATTN ACC BL COORDINATOR
ALPHARETTA, GA 30009

Charges from last month

Amount of your last bill..............	$32.56	
Amount transferred to Summary Bill ..	-32.56	
Amount you still owe		$.00

Charges for this month

Our charges-See Page 2	$21.85	
Call 1 888-847-6288 if you have a question		
Total for this month.............................		$21.85

Total amount you owe-transferred to Summary Bill — $21.85

verizon

201 [redacted]-1777-137 63Y

Verizon charges — February 10, 2002

This month's charges	Regular service ......See Page 4 ...	$18.51
	Local Number Portability Surcharge .	+.23

Unbundled Business Port Usage

Usage from Jan 10 to Feb 12

	Qty		Rate	
Originating Minutes	1613.8	x	.002773	+4.48
Terminating Minutes	1131.5	x	.001885	+2.13

Usage from Dec 10 to Jan 9

	Qty		Rate	
Originating Minutes	44.1	x	.002773	+.12
Terminating Minutes	8.6	x	.001885	+.02

Additional charges ..See Page 5 .... -9.00

800 Query Dip Usage

Continued

verizon

201 [redacted]-1777-137 63Y

February 10, 2002

Jan 10 to Feb 12	0	x	@ 0.0009060	+.00

Operator Applied Credits

Jan 10 to Feb 12	0	x	@ 0.0044030	-.00
	Toll charges.........See Page 6			+5.36

Total Verizon charges — $21.85

For repair call 1-800-275-2355

verizon

201 [redacted]-1777-137 63Y

Monthly charges February 10, 2002

These monthly charges are for your service from Feb 10 to Mar 9

Monthly charges	
TOUCHTONE-PER LINE-BUS	
201 288-1777	$2.01
CALL WAITING 201 288-1777	*7.65
700 & 900 BLOCKING OPTION	
201 288-1777	*.00
Analog Business Individual Message	
Line - Platform 201 288-1777	*.73
Specialized Routing AIN Solution	*.00
Rebundled Basic Loop	*8.12

Call 1 888-847-6288 if you have a question.

WRONG

verizon

201 [redacted]-1777-137 63Y

Additional credits and charges February 10, 2002

Adjustment due to change in rate From Dec. 17, 2001 to the date of this bill	-9.00

TAX KEY: US=* NJ=@ BOTH=&

Total for additional credits and charges	$ -9.00

If you have a question call toll free 1 888-847-6288.

DISPUTE

verizon

201 [redacted]-1777-137 63Y

Verizon toll charges February 10, 2002

No.	Date	Time	Call type	Place	Number	Minutes	Cost	T
1	Jan 18	2:56PM	Flat	Fr HACKNSK	NJ 201-343-9579	1r	1.35	A
2	Jan 23	5:51PM	Flat	Fr HACKNSK	NJ 201-343-9596	1r	1.33	A
3	Jan 23	5:58PM	Flat	Fr HACKNSK	NJ 201-343-9596	1r	1.33	A
4	Jan 24	2:49PM	Flat	Fr HACKNSK	NJ 201-343-9595	1r	1.35	A

T= Tax rate applied: A=0.00%

Calls marked with an "r" have been placed using 1-800-255-CALL

Total for our toll calls	$5.36

Call 1 888-847-6288 if you have a question.

TAB D

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Application of Verizon New Jersey, Inc., et al., For Authorization to Provide In-Region, InterLATA Services in New Jersey	)))))))	WC Docket No. 02-67

DECLARATION OF
GERALDINE REGAN
ON BEHALF OF AT&T CORP.

1. My name is Geraldine Regan. My business address is 32 Avenue of Americas, New York, NY 10013. I am a District Manager for AT&T. In my current position, I am responsible for ILEC Supplier Management.

2. I have approximately 23 years of experience in the telecommunications industry. I have spent nine years in field sales as a technical consultant, five years in premises desktop support, two years in network management, four years in strategic pricing, and the past two years in ILEC supplier management. I hold a Bachelor of Arts degree from Princeton University.

3. The purpose of this Declaration is to describe a recent incident in which Verizon New Jersey ("VNJ") initially demanded, as a condition for special handling of orders for AT&T on a project basis, that AT&T agree that VNJ's performance on these orders would not be included in the data reported by VNJ under the Carrier-To-Carrier Guidelines ("the Guidelines"). Although VNJ ultimately withdrew this condition the day before filing its latest 271 application

for New Jersey, the incident raises disturbing questions about VNJ's use of its monopoly power and the extent of its future compliance with Section 271 should its application be approved.

4. Recently, a large New Jersey company decided to switch its local exchange service from VNJ to AT&T. In order to achieve this migration consistent with the customer's needs, it was necessary to port numbers for several thousand lines.

5. Because of the large number of lines involved, AT&T, consistent with industry practice, commenced negotiations with VNJ in January 2002 to have the number porting given special handling on a project basis – *i.e.*, that the numbers be ported as a single project, rather than as multiple local service requests. This approach would be the most efficient means of ensuring completion of the work by the customer's desired migration date, while minimizing the possibility of delays or errors in porting. By contrast, if the numbers could not be ported on a project basis with special handling, the due date desired by the customer might not be met, and the customer would run the risk of having different orders worked on different days.

6. During the course of the negotiations, VNJ advised AT&T that it would give the project special handling <u>only</u> if AT&T agreed that VNJ's performance on the project could be excluded from the metrics set forth in the Guidelines. VNJ made clear that unless AT&T agreed to this condition, it would not give the orders on the project special handling. This exclusion would have had the effect of relieving VNJ of any requirement that it otherwise would have had under its Performance Incentive Plan to make incentive payments if it failed to perform satisfactorily in porting the numbers for AT&T's customer.

7. The condition imposed by VNJ was plainly unreasonable. The current Guidelines allow VNJ to exclude data from its monthly performance reports in certain specified circumstances that are not applicable in this case. Moreover, in proceedings before the New

Jersey Board of Public Utilities ("BPU"), VNJ never requested a blanket exclusion for number porting projects.

8. Because of VNJ's insistence that AT&T agree to the exclusion of data on its performance from its reported metrics before it would agree to grant AT&T project treatment for the customer's orders, the negotiations between VNJ and AT&T were prolonged, requiring AT&T to devote substantial time and resources to the discussions. Ultimately, because project treatment was the only means of ensuring that its customer's needs would be fully met, AT&T reluctantly agreed that data on VNJ's performance could be excluded from certain metrics, but would not waive its rights under the Guidelines or the Incentive Plan in other respects. Although VNJ's condition was plainly contrary to the Guidelines, filing a complaint with the BPU was not a feasible alternative, because a complaint proceeding would have taken months to resolve – far beyond the due date that the customer desired.

9. Although AT&T agreed to a limited exclusion, VNJ ultimately withdrew its condition. On March 25, 2002 -- the day before filing its latest 271 application with the Commission -- VNJ advised AT&T that it was granting project treatment to the order and no longer was conditioning its approval on the exclusion of data on its performance in the project from the reported monthly performance data. On the other hand, VNJ did not preclude the possibility that it would insist on such an exclusion as a condition of granting project treatment for other orders in the future. Instead, VNJ simply stated that it would pursue this issue in the workshops now in progress before the New York Public Service Commission regarding changes to the Guidelines.

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct.

/s/ Geraldine Regan

Geraldine Regan

Executed on: March 8, 2002